



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

JUNE 28, 2013

Sales of Automotive Adaptive Equipment to Disabled Veterans

Effective August 1, 2013, sales of add-on automotive adaptive equipment prescribed by a physician to a disabled veteran or a disabled member of the armed forces, are exempt from retail sales tax and/or use tax. This exemption expires July 1, 2018.

Substitute Senate Bill (SSB) 5072, (Chapter 211, Laws of 2013) provides a retail sales tax exemption for the:

- Sale of the adaptive equipment.
- Labor and services charges incurred for installing and repairing the equipment.

Eligible Purchaser:

To qualify for the exemption a person must be both:

- A veteran or a member of the armed forces serving on active duty.
- Disabled (regardless of whether the disability is service connected).

Eligibility Requirements:

This exemption only applies when all of the following criteria are met:

- The equipment is prescribed by a physician.
- The equipment qualifies as "add-on automotive adaptive equipment" as defined below.
- The eligible purchaser is reimbursed in whole or in part for the purchases by the United States Department of Veterans Affairs (or other federal agency) and the reimbursement is paid directly by the federal agency to the seller.

Add-on Automotive Adaptive Equipment:

The term "add-on automotive adaptive equipment" means the equipment and the modifications necessary to help physically challenged people enter, exit, or safely operate a motor vehicle. The term includes, but is not limited to:

- Wheelchair lifts
- Wheelchair restraints
- Ramps
- Under vehicle lifts
- Power door openers
- Power seats
- Lowered floors
- Raised roofs
- Raised doors
- Hand controls
- Left foot gas pedals
- Chest and shoulder harnesses
- Parking brake extensions
- Dual battery systems
- Steering devices
- Reduced and zero effort steering and breaking
- Voice- activated controls
- Digital driving systems

The term does not include motor vehicles and equipment installed in a motor vehicle by the manufacturer of the motor vehicle.

Requirements for Sellers:

Sellers making tax-exempt sales under this section of the law must:

- Obtain a completed Buyer's Retail Sales Tax Exemption Certificate from the eligible purchaser.
- File their excise tax return with the Department electronically.
- Report their total gross sales on their return and deduct their exempt sales from their reported gross sales.
- Keep the copy of the exemption certificate with the business records for five years after the date of the exempt sale.

Reporting Instructions:

Exempt sales are reported on the seller's Excise Tax Return under the retail sales tax classification and must be identified on the deduction detail page. For this exemption, you must report the deduction under the retail sales tax heading, as "Sales of automotive adaptive equipment to disabled veterans". As there is no comparable business and occupation (B&O) exemption, the gross proceeds of sales that qualify for this sales tax exemption are subject to retailing B&O tax.